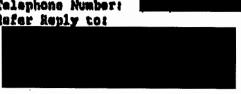
1937-A (Rev. 6-80) (Carbon Attached Version of Form 193

Person to Contact: Telephone Number: Bufar Reply tot



Date: MAY 2 1 1990

We have considered your application for recognition of exemption from Federal Income Tax under section 501(c)(7) of the internal Revenue Code.

The information submitted discloses that you were incorporated on under the nonprofit corporation laws of the State of

According to your By-laws, your organization is an association of professional men, organised for the purpose of promoting communication, socialization and political awareness through a network of mutuality.

Your activities are designed to provide pleasure and recreation for your members. You hold a social meeting avery week where your mumbers come together for fellowship, food and refreshments. In addition, you sponsor various social activities during the year such as dances and trips.

Your weekly meeting is hold at an independently owned facility and nonmembors are allowed to be present. Nonmembers are also permitted to attend your dances, discussion forums, parties and conventions.

Your weakly meetings are held at the which is a for-profit entablishment. pays a stipend to your organization which helps to support your activities. During and and paid your organization 3 which was your primary source of income for those years.

The following statement appeared in your application: The applicant is an organization comprised of professional individuals. As professionals, the members are the type of individuals with whom people like to associate. Consequently, a large group of people tend to go to the establishment where the applicant has its weekly gatherings. , a for-profit organisation, recognized that if the applicant's gatherings were held at its facility, there would be both increased business on the night of the gatherings and also the goodwill generated from having its establishment associated with the applicant. , therefore, offered the applicant a stipend if the applicant would hold its weekly gathering at the applicant had no facility of its own and needed to hold its gatherings somewhere, it agreed to accept the proposal.

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Surname				5.9 20		5/18/90	
Date	1/8/90	3/8/90	5/8/90	3.950	Dept.	1	/ Internal Revenue Service

Section 501(a)(7) of the Code provides for examption from Federal Income Tax of clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the banefit of any private shareholder.

Section 1.501(c)(7)-1(a) of the Income Tax Regulations provides that soution 501(c)(7) of the Code applies only to clubs which are organized and operated exclusively for pleasure, recreation and other nonprofitable purposes, but does not apply to any club if any part of its not earnings inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership fees, dues and assessments.

Revenue Ruling 66-149, 1966-1 C.B. 146, states that a social diub is not exempt from Federal Income Tax as an organisation described in section 501(c)(7) where it regularly derives a substantial part of its income from nonmember sources such as interest and dividends.

Public Law 94-568, Senste Report 94-1318, 2d Session, 1976-2 Q.B. 397, 399 provides that social clubs are allowed to receive up to 33% of all gross in receipts, including investment income, from nonmember sources. No more than 15% of all gross receipts may be derived from the general public's use of the club facilities and services.

You do not qualify for exempt status under Section 301(c)(7) because more than 35% of your gross income for tax years will and has been derived from . You, therefore, have not set the requirements of Public Law 94-368. In addition, by making your social activities available to the general public, you are not operating exclusively for non-profitable purpowithin the meaning of section 501(c)(7) of the Gode.

Accordingly, we hold that you are not entitled to exemption from Rederal Income Tax as an organization described in section 301(c)(7) of the Code. Accordingly, you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brist of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the Issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submission for the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be mat. We have enclosed fublication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If we do not hear from you within 30 days from the date of this letter this

Please keep this determination letter to your permanent records.

If you agree with this determination states sign and raturn the englosed form

Vary Fruit Pours

District birector

Enclosures: Publication 892 Form 6018